

~~TOP SECRET~~

THIS DOCUMENT CONTAINS CODE WORD MATERIAL

20 January 1956

MEMORANDUM FOR THE RECORD

SUBJECT: Director's Briefing of the National Security Council
on "The Soviet Sixth Five Year Plan" - 18 January 1956

1. The Director's briefing of the Council on the rapid strides being made by the Soviet economy resulted in a spirited discussion among the members regarding its effects on the underdeveloped areas. The Secretary of State pointed out that the rapid Soviet industrialization over a short span of some 20-30 years had made a strong favorable impact on the imagination of the Asian peoples. This impact was similar to that which had resulted from the rapid U. S. economic development of a hundred years ago. The Asians tended to overlook the fact that the Soviet expansion was brought about at a tremendous cost in human suffering. As a result of this great impact of Soviet industrialization in the underdeveloped countries and the uses contrary to the U. S. interest to which the expanding Soviet economy was being put in the Asian area, it was necessary for the U. S. to meet this challenge by increased counteraction.

2. The Secretary of the Treasury said that the U. S. must expect increasing economic competition from the Soviet Union since it was a big country with vast natural resources. The United States should not react to the Soviet economic threat by contributing to the buildup of socialism in the backward countries through economic aid to their governments. This would not be to the best U. S. interest.

3. The President noted that there were many varieties and degrees of socialism in the world. Even in the United States there was some socialism in the public utilities that were government-owned. The fact that a country was socialist didn't necessarily mean that it was unfriendly to the United States. Sweden and Denmark were examples. The Soviet brand of totalitarianism was the real danger.

4. The Secretary of the Treasury said that he still felt we were building up countries in the Soviet image by giving economic assistance to governments when it was to the U. S. interest to promote free economies.

5. Mr. Stassen noted that it was important for the U. S. to stimulate private enterprise. This was already being done in India where our efforts were channeled through a private bank.

6. The Director of Central Intelligence pointed out that it was difficult for private enterprise to know where to turn in doing business with the U. S. and gave as an example the efforts of Indian steelman Tata in the U. S. In addition the United States had to compete with cheap Soviet interest rates, 2% as against the U. S. 5%.

7. On the brighter side of this subject the President noted that the more industrially developed the Soviet Union became the greater was the possibility of revolt among its people. On the other hand, peasant unrest was much easier to control. This was a lesson that history taught us.

8. The Secretary of Defense added that one of the best things the Soviets could do for the cause of freedom would be to build 5 million cars, thus stimulating the desire for private ownership on a mass basis.

9. The Director of the U. S. Information Agency stated that ideas as well as facts were of tremendous importance in the U. S. struggle to keep totalitarianism out of South Asia. The Soviets were very adept at clothing their deeds in the best possible manner. It was our job to improve upon their propaganda techniques in selling the peoples of Asia on the advantages of a free economy.

10. The Director of Central Intelligence noted that many of the Asian governments were too primitive to serve as bases for free enterprise.

11. The President felt that we had to be realistic and deal with the governments as they were. We could not let these countries go down the drain because they did not satisfy our ideals. The Vice President added that we had to work with the existing governments; if we didn't, the Soviets would.


R. V. M.